

## **AHCCCS FFS INPATIENT HOSPITAL RATE UPDATE OCTOBER 1, 2004 - SEPTEMBER 30, 2005**

In accordance with Arizona Revised Statute (ARS) 36-2903.01, AHCCCS reimburses hospitals for inpatient hospital services based on a prospective tiered per diem methodology in which payment for each day of care is based on the level of care (tier) provided. Payment for each tier is comprised of two components, operating and capital. The operating component is a statewide average, and the capital component is a blend of hospital-specific and the statewide average.

Tiered per diem rates effective October 1, 2004 were inflated forward to the midpoint of the rate year (March 31, 2004) by the Global Insight CMS Hospital Prospective Reimbursement Market Basket (PPS).

### **Statewide Weighted Average Tier Rates, Effective 10/1/04-9/30/05**

Maternity	\$1,327.09
NICU Level III	\$1,344.83
NICU Level II	\$1,138.27
ICU	\$2,652.86
Surgery	\$1,539.28
Psychiatric	\$ 840.17
Nursery	\$ 522.14
Routine	\$ 1,035.83
Routine Rehab	\$ 966.26

### **Hospital Claim Processing**

The processing of an inpatient claim is hierarchical. Each day is classified into **one** tier based on diagnosis, procedure, and/or revenue codes. Once the criteria are met within a tier for a particular day, the day is classified into that tier even if it meets the condition of a lower tier in the hierarchy. Inpatient claims may split across **no more than two tiers** per continuous stay. The attached hierarchy for tier assignment chart lists the qualifications for each tier, and the allowed tier splits.

### **Outpatient Cost-to-Charge Ratio**

Hospital-specific Outpatient Cost-to-charge Ratios (CCRs) were updated effective 10/01/2004. Statewide weighted average outpatient CCR is 0.2957. Note: Pursuant to the Laws of 2004, Chapter 279, the FFS hospital-specific outpatient CCRs were adjusted to reflect increases in outpatient chargemaster rates in excess of 4.7%; and are effective until July 1, 2005, at which time an outpatient hospital fee schedule will be implemented.

### AHCCCS Hierarchy For Tier Assignment.

<b>TIER</b>	<b>IDENTIFICATION CRITERIA</b>	<b>ALLOWED SPLITS</b>
<b>MATERNITY</b>	A primary diagnosis defined as maternity 640.xx - 643.xx, 644.2x - 676.xx, v22.xx - v24.xx or v27.xx.	None
<b>NICU</b>	Revenue Code of 175 for DOS before 10/1/95 AND the provider has a Level II or Level III NICU, or Revenue Code of 174 for DOS on, or after 10/1/ 95 AND the provider has a Level II or Level III NICU.	Nursery
<b>ICU</b>	Revenue Codes of 200-204, 207-212, or 219.	Surgery Psychiatric Routine
<b>SURGERY</b>	Surgery is identified by a revenue code of 36x. To qualify in this tier, there must be a valid surgical procedure code that is not on the excluded procedure list.	ICU
<b>PSYCHIATRIC</b>	Psychiatric Revenue Codes of 114, 124, 134, 144, or 154 AND Psychiatric Diagnosis = 290.xx - 316.xx. If a routine revenue code is present and all diagnoses codes on the claim are equal to 290.xx - 316.xx, classify as a psychiatric claim.	ICU
<b>NURSERY</b>	Revenue Code of 17x, not equal to 175 or 174.	NICU
<b>ROUTINE</b>	Revenue Codes of 100 - 101, 110-113, 116 - 123, 126 - 133, 136 - 143, 146 - 153, 156 - 159, 16x, 206, 213, or 214.	ICU